Securities and Exchange Commission
PHILIPPINES

SEC Memorandum Circular No. 6
Series of 2019

SUBJECT: **Philippine Interpretations Committee Question and Answer (PIC Q&A) No. 2019-03, Revenue Recognition Guidance for Sugar Millers**

WHEREAS, on 15 August 2017, the Commission approved the adoption of Philippine Financial Reporting Standard (PFRS) No. 15, Revenue from Contracts with Customers, effective for annual reporting periods beginning on or after January 1, 2018, as part of its financial reporting rules.

WHEREAS, the Philippine Interpretations Committee (PIC) issued PIC Question and Answer (Q&A) No. 2019-03, *Revenue Recognition Guidance for Sugar Millers*, which was approved by FRSC on March 28, 2019. The said PIC Q&A is effective for the 2018 financial reporting.

WHEREAS, the Philippine sugar industry raised implementation issues and requested to defer the implementation of the above pronouncements on the milling/output sharing arrangements of a sugar miller and its planters, pending the discussion and resolution by the PIC and FRSC of the said issues.

WHEREAS, the Commission took note of the significant impact and difficulties faced by the Philippine sugar industry, particularly sugar millers, in immediately implementing the said pronouncements.

NOW, THEREFORE, the Commission *en banc*, in its meeting held on April 3, 2019, decided to provide a one (1) year relief to the Philippine sugar industry by deferring the the implementation of PIC Q&A 2019-03 on the milling/output sharing arrangements of a sugar miller and its planters.

Effective January 01, 2019, the Philippine sugar millers will adopt the PIC Q&A 2019-03 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

A sugar miller may opt not to avail of any of the relief provided above and instead comply in full with the requirements of the PIC Q&A.

Moreover, sugar millers which opted for the deferral shall be required to disclose in the Notes to the Financial Statements the accounting policies applied, a discussion of the deferral of the subject implementation issues in the PIC Q&A and a qualitative discussion of the impact in the financial statements had the PIC Q&A been adopted. However, should the deferral options result into an accounting policy change, such accounting change will have to be accounted for under Philippine Accounting Standard (PAS) 8, *Accounting Policies, Changes in Accounting Estimates and Errors,* i.e., retrospectively, together with the corresponding required quantitative disclosures.

The above relief shall form part of PFRS for the purpose of preparing and filing general-purpose financial statements with the Commission.

Issued this 04 April 2019 at Pasay City, Philippines.

For the Commission:

EMILIO B. AQUINO
Chairman